



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108-1598

THOMAS F. REILLY
ATTORNEY GENERAL

(617) 727-2200
<http://www.ago.state.ma.us>

September 29, 2006

Ms. Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

RE: Massachusetts Electric Company and Nantucket Electric Company, D.T.E. 06-67

Dear Secretary Cottrell:

On July 24, 2006, Massachusetts Electric Company and Nantucket Electric Company (together, the "Company") filed a petition for Department of Telecommunications and Energy (the "Department") approval to recover generation information system ("GIS") costs ISO New England, Inc. ("ISO-NE") assesses to the Company's basic/default service load. The Company proposes to modify its basic/default service adjustment provision to recover the GIS costs it is currently incurring to the extent these costs are not recovered in basic/default service rates. By Order dated August 25, 2006, the Department suspended the effective date of the Company's proposed tariff until November 1, 2006. On September 13, 2006, the Department issued a notice requesting comments on the Company's proposal. Pursuant to the Department's September 13, 2006 notice, the Attorney General submits this letter as his Comments.

The issue of how companies should appropriately recover GIS costs is currently before the Department in *Western Massachusetts Electric Company*, D.T.E. 5-10. Western Massachusetts Electric Company ("WMECo") is seeking to recover its GIS costs through the reconciliation mechanism in its transition filing although WMECo acknowledged that the GIS costs are general and administrative expenses, not the actual costs of basic/default service. Attorney General's Initial Brief, D.T.E. 05-10, pp. 9-10. The Department still has not ruled on this issue.

Since all of the Massachusetts electric companies incur GIS costs, the Department should open an investigation to determine whether GIS costs are the type of costs electric companies are currently recovering through their base rates and whether it is appropriate to recover these costs through some other more appropriate rate element. By opening a generic investigation into the recovery of GIS costs, the Department would determine the current practices of all of the utilities and best decide how the GIS costs should be recovered going forward. This would also ensure consistent treatment of these costs among utilities.

The Attorney General appreciates this opportunity to comment on the Company's proposal.

Sincerely,

Colleen McConnell
Assistant Attorney General

cc: John J. Geary, Hearing Officer
Amy Rabinowitz, Esq., National Grid